

**Central Falls Detention Facility Corporation Meeting Minutes**  
**Tuesday, March 13, 2012**  
**Wyatt Detention Facility Training Building**  
**935 High Street**  
**Central Falls, RI 02863**  
**6:00 P.M.**  
**TDD/TTY 401-727-7450**

A meeting of the Central Falls Detention Facility Corporation was held on the above date; in the Training Building at 6:00p.m.

- 1) Call to order / Roll Call – 6:15 p.m.,  
All Members present: Director Adamo, Director Tillinghast, Director St. Pierre, Director Romanowicz, and Chairman Hartford
- 2) Public Comment  
Former Mayor Thomas Lazieh stated that the facility is a great benefit to the City of Central Falls, the State of Rhode Island, and especially for the taxpayers of Central Falls. He commented that the City is still waiting for the tax payment for the property that they are standing on (Training Facility) and for the impact fees owed to the City. He noted that he was aware that allocations had been made in the budget for these payments. He asked the Chairman to address these payments and the delay. He said that the City of Central Falls is going through a difficult time and as a lifelong resident and a taxpayer, he knows that building the facility was a great hardship on the City. He said that they would now like to see the financial reward for this hardship. In his early days in office, he proposed the idea of the facility and after two years it came to fruition. He congratulated the Warden and his staff on the recent reaccreditation. He said that there were many things that he wanted to see corrected from the past, but that the facility should proceed with the forensic audit with cost in mind. If there were improprieties, then we want to address them, but we do not want anything to drag on for an extended period of time. He asked that any improprieties be presented publicly to the City. He said that the City needs local control of this facility. There were two reasons why the City entertained the proposal to build this facility. The first was for financial gain. The second was so that the facility could be built as best as possible and run exemplary. He commented that the facility was run exemplary, but he was waiting for the financial gain.

Chairman Hartford commented that, as Mr. Lazieh correctly pointed out, the Board included impact fees in the facility's budget, but that we are not entirely the masters of our own destiny. We have to work within the confines of the indenture. He said that at this point, we do not yet have an agreement with the Bondholders as to the payment of impact fees. We are continuing to work through a complicated situation. The Chairman assured Mr. Lazieh that his focus and that of the Board is to ensure that the corporation is run as efficiently and effectively as possible and that its principal purpose is to provide revenues to the City as soon as they are in a fiscal position to do that. He said that once the investigations are complete and any follow-up actions are taken, the information will be made public and will be made available to the residents of the City.

- 3) Approval of minutes 2/15/12

Motion made by Director St. Pierre to approve the minutes from 2/15/12; seconded by Director Tillinghast. All were in favor. Motion passed.

4) New Business –

A) Report of Finance Committee

Director St. Pierre reported that he and Director Tillinghast met with Mr. Fair and his staff to discuss the reports that they needed. The facility staff produced the reports and information that the sub-committee required. They also discussed moving the Board meetings to the third week of the month so that the facility had time to prepare the financial reports.

Chairman Hartford commented that there is a general concern about the on-going operational costs versus the current revenues. Director Tillinghast said that we've identified what we think is the natural extension of the budget, which is an actual versus budgeted projections and cash flow on a monthly basis. He is working to reformat the information to include a cash flow statement as well as the balance sheet. He commented that the spending is controlled, in that it is to budget or less than budget. However, the revenue is significantly less than planned, with a shortfall of about a quarter of a million dollars per month at the current juncture. On or about May 1<sup>st</sup>, we will re-implement the budget process and move into living with the revenue where it is. Mr. Fair and the Warden acknowledge that staffing is the main variable in the expenses. He said that Mr. Fair and the Warden pointed out that regardless of the number of inmates if a wing was open the staff to cover the wing was a necessity.

Director Adamo asked whether we were above standard with our staffing complement. Mr. Fair commented that staffing is determined by architecture. The pods here are small, but they still require five Officers to run each pod on a 24/7 basis. Director Romanowicz commented that we are actually running with a staffing complement that is slightly less than that recommended by the independent analysis (procured by the previous Board) that he provided to Mr. Fair. Director Tillinghast added that a lay-off would be disruptive and that, due to the contract, it would effect only the new recruits that recently graduated from the Academy.

Director St. Pierre added that the subcommittee questioned why expenses were at the levels that they are and Mr. Fair and his staff provided sufficient proof and rationalization for the expenses. Mr. Fair said that we continue to look at cost-savings measures in the daily operations of the facility.

Chairman Hartford commented that we are currently under budget \$104K on overtime, but we are over budget on salaries in the amount of almost \$100K. He asked why we are over our budgeted salaries. Mr. Fair said that we had more people than the budget allowed for on staff at the time that the budget was given to him. Warden Murphy commented that, through attrition, he expects this number to average out over time. Chairman Hartford asked how many employees were currently on staff. Warden Murphy indicated that we have 188 staff members with eleven on leave of absence.

Director Adamo asked about contracts and our ability to save money by renegotiating. She mentioned the food services contract. Mr. Fair said that the contract was just renegotiated. It was a contract from 2008. Meal cost was raised for the first time in four years. Also, under the contract, the lower the population, the more we pay per meal. Director Adamo asked if there were other contracts that we could look at to negotiate a better deal. She said that you'd expect that we'd be under budget in inmate expenses since our count is down.

Mr. Fair said that some of this can be attributed to the preparation for the recent ACA and OFDT audit.

Chairman Hartford asked what the plan was for the budget process. Director Tillinghast said that we would have the information available for review at the next Board meeting. He surmised that by the next Board meeting, Mr. Fair would begin using one of his staffing models, at least for planning purposes. Chairman Hartford implied that the idea would be to come back in April with a recommendation or a report of adjustments. Mr. Fair said that from his point of view, in April we would come back with good reports of where we are. In May, if we are going to make any changes, we can make changes then. The April reports will be a tool to help in making those adjustments. At that time, we will have a full quarter's worth of data to look at.

#### B) Current Cash Report and overview of accounts update

Director St. Pierre pointed out that the balance in the revenue account was somewhat high because the Trustee did not transfer the funds to the debt services, as scheduled, due to a new formula that she utilizes. As a result, the facility incurred a \$1,700 fee. He asked if Mr. Fair had any luck in discussing this with her. Mr. Fair said that the Trustee, who is situated in Minneapolis, MN, visited the facility this week. He said that he had quality discussions with her as to where we were going. The Trustee suspects that by the end of March, they will know our spending habits and be able to better handle these transfers. We're now comfortable, knowing why the bank has done that, that they are handling it this way. If our revenues remain low, we may need to rely on these funds for our operational expenses in the future.

St. Pierre asked if we could contact AIG to ask them about this penalty. Mr. Fair explained that, because we were not meeting our obligation to AIG, they were within their rights to charge the lost investment fee. If, at the end of March, the Trustee is comfortable with our spending habits and the average daily population (ADP) is up, we can revisit the transfer amount with the Trustee so that we can try to avoid this (AIG) fee.

#### 5) Old Business

##### A) Status of Impact fee payment

Chairman Hartford said that Mr. Fair received a letter from Mintz-Levin. Basically, as long as the Bondholders consider us to be in technical default of the indenture of trust, they are not going to allow the payment of impact fees to the City. We will have to revisit this at a later time.

Attorney Fracassa commented that we have not violated the indenture to-date. We have simply asked the Bondholders to make the payment of impact fees through the mechanism that we have available to do that.

Chairman Hartford commented that, if we were not in an adversarial relationship with the Bondholders before, we are now. They are forestalling us from being able to provide revenues to the City. Furthermore, the mounting consulting and professional fees that they are expending and withdrawing are at our expense. They are not transferring the money to AIG, even when we have it, causing us to incur a fee of \$1,700, when we could avoid it. All of this puts us in a position where we are going to have to discuss this in an adversarial position. We will

have to discuss this in Executive session at our next meeting since it's not on our agenda. He said that they would probably want an opinion from Legal on this.

Attorney Fracassa commented that the Mintz-Levin letter is making suggestions for us to take actions, but it is not demanding action at his point.

B) Extension of Almonte engagement for Review and Audit.  
(Recommendation of the Finance Committee)

Chairman Hartford commented that the Board was hoping to have the commission's recommendations before proceeding in order to incorporate some of their concerns or findings into the goals of the Almonte audit. Because we do not have that final report, he recommended that the decision to proceed be postponed so that the group did not have to make changes to the scope of the audit at a later date. He spoke to Senator Crowley and she expected to have the finalized information in three to four weeks. All agreed that, although the matter was urgent, a one month delay was reasonable given the circumstances.

Motion made by Director Tillinghast to table this item (Almonte Proposal) until the next meeting; seconded by Director St. Pierre. All were in favor. Motion passed.

6) Reports of the CEO and/or Legal Counsel (as necessary); ADP update, ACA certificate, awaiting OFDT audit, Update on Controller and other matters.

Director Tillinghast pointed out an error on the ADP report pertaining to the commits and releases. He asked Mr. Fair if the ADP number (579) was accurate. Mr. Fair acknowledged that it was an accurate number. He said that Washington, D.C., and more precisely the lesser number of arrests and consequent legal proceedings contributed to the diminished average daily population. He commented on why he felt the numbers were down.

7) Executive Session pursuant to R.I. General Laws § 42-46-5 for the following purposes:

A. RIGL § 42-46-5(a)(2) and RIGL §42-46-5(a)(4) for the purpose of reviewing issues regarding FOP representation of supervisory staff and litigation concerning the Wayne Salisbury matter; Ng: Cornell; Property tax bill; Forensic Audit.

B. RIGL § 42-46-5(a)(3) for the purpose of receiving an operational report from the CEO

8) Next meeting: Tuesday, April 17, 2012 @ 6:00pm @ Wyatt Training Building

9) Adjournment